

State & Metro

Highlights

By Mark Knold

After an impressive growth streak throughout the 1990s, Utah's economy began slumping in 2001. By October of that year, the economy actually had fewer jobs than it did at the same time the year before. This decline continued throughout most of 2002, with the bottom occurring around March 2002, when employment was down 1.4 percent.

From March to September, there was little improvement—employment was still down 0.8 percent. A surprising and rapid turnaround came during the fourth quarter.

Turnaround?

By December 2002, employment was no longer negative, but instead was up 0.2 percent. This wasn't a growth rate to crow about, but considering where the economy was and how rapidly the employment percentage changed, this was good news. The immediate question is can we sustain this momentum?

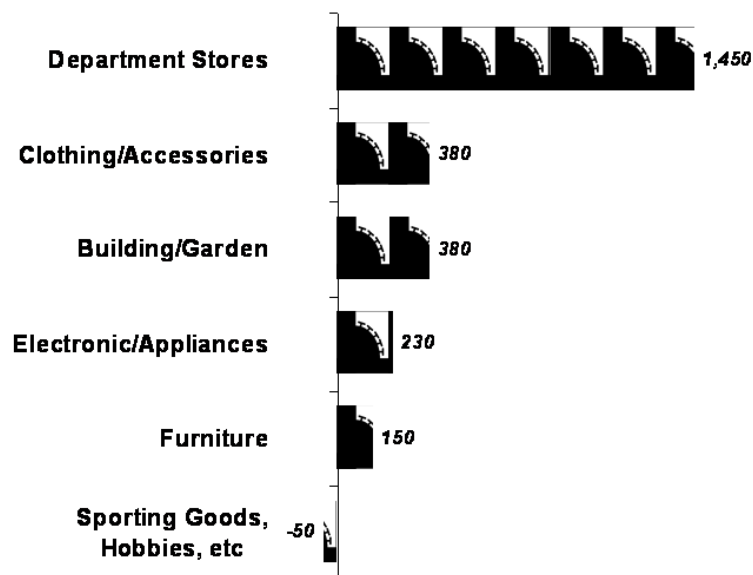
Sales, too?

Most of the national economic news during the December timeframe spoke of a disappointing Christmas retail season. What about in Utah? Not so, at least not within one major player during the Christmas season—department stores. Both employment and sales were quite strong—at least on the surface.

Preliminary information from the Utah Tax Commission places general merchandise store sales at \$1.11 billion for the fourth quarter, a whopping 11-percent higher than the previous year. 1 Employment levels were also strong, up 5.5 percent.

Many other retail trade businesses sensitive to Christmas sales also in-

December 2002 Year-Over Employment Change in Selected Retail Trade Industries



Source: Utah Department of Workforce Services

creased employment and are illustrated in the accompanying graph. Only sporting goods, hobby stores, etc., dropped employment. Other retailers, like grocery stores and auto dealers, had a disappointing December, but they are not dependant upon the Christmas season for a significant portion of their yearly sales.

Amid all this, the department stores (including discounters) stood out. But this was pretty much centralized in Salt Lake County. Department store employment in Utah, Davis, and Weber counties actually fell. To narrow this even

further, nearly all of the Salt Lake County additions are limited to the opening of several new Wal-Marts within the past year. These discount stores did well in generating sales, but it may have come at the expense of other retailers, as nearly all of the other big-name department stores showed less employment this Christmas season than last.

A Big Player

Wal-Mart is the big retail player in America. The strength of its new employment in Salt Lake County was

more than enough to offset the employment declines of most of the other department stores. And, the taxable sales level was much higher. This illustrates the impact Wal-Mart has on the economy, and why its sales in and of themselves have become one of the prime economic indicators watched when gauging the health of the retail trade sector.

¹ Sales tax data are published on a quarterly basis, whereas the employment data is available on a monthly basis.

For more information about Utah's economy, check out:
<http://jobs.utah.gov/wi>

What's Up?

- ✓ Grantsville was chosen as the site for a new 1.2 million-square-foot, \$57 million Wal-Mart distribution center. Construction could begin later this year. Initial employment at the center is estimated at 600. *Deseret News 5/2/03*
- ✓ A Denver-based development alliance plans to spend the next few years and millions of dollars developing a replacement for the failed Ogden City Mall. The new development could have everything from apartments to town houses, restaurants to offices, retail shops to movie theaters. *The Salt Lake Tribune 5/15/03*
- ✓ Governor Leavitt announced a three-year, \$5-million plan to study transportation needs through increasingly congested Utah County. *The Salt Lake Tribune 5/13/03*